

State Tax Appeal Board Procedures & Suggestions

Gregory A. Thornquist, Chairman

Have an adequate number of exhibits to hand out.

- One set for the taxpayer, one set for each Board member and one set for the official record, or five at a minimum.
- Have them organized in the order you plan to make your presentation.

Support your conclusions of value: (relevant to both the taxpayer and the Department of Revenue).

Land Value (relevant to the Department of Revenue):

- For example: When presenting a Computer Assisted Land Pricing (CALP) model, which, in most cases, does not mean much for the lay person, maybe have an attached document showing calculations such as price per SF, acre or whatever the unit of comparison is being used. Make an attempt to justify CALP values to the subject value.
- Have a map denoting the location of the subject along with the sales the DOR used to value the property being appealed.
- If a Realty Transfer Certificate (RTC) is going to be discussed, be prepared to present them as exhibits. The Taxpayer has the right to a copy of the RTC. Maybe remind the county tax appeal board that this document should be treated in a special manner, i.e., a sealed envelope. The Supreme Court addressed this issue in DeVoe v. DOR, 263 Mont. 100; 866 P.2d 228; 1993 Mont.

Improvement value (also relevant to the Department of Revenue)

- When relying on the cost approach and presenting a copy of the Property Record Card (PRC), explain the items which are used to arrive at the value, i.e. effective age, quality of construction, etc. If the cost was not used, point that out and maybe testify as to why. If an economic condition factor (ECF) was used, be prepared to support it. **Important** – have with you a copy of the Appraisal Manual and Book of General Evidence for reference.
- If the income approach was used, provide support for the income, expenses and capitalization rates. Be prepared to discuss the effective tax rate and show that it is used.
- If the sales comparison approach is used, have copies of the PRC for the homes used on the Montana Comparable Sales exhibit and a map illustrating the location. Be prepared to discuss the information listed on the exhibit, i.e. grade, CDU (how is it calculated), what is the MRA estimate, etc. If need be, refer to the DOR's Book of General Evidence. Again, if a Realty Transfer Certificate (RTC) is going to be discussed, be prepared to present them as exhibits.

It's good practice to check with the Clerk and Recorder to make sure that appeals are being heard. Remember that many of the county tax appeal boards have gone years without having an appeal and there is a good chance one or all the member's/secretary are new to the game.

Be patient with the county tax appeal board members. They don't do this very often and the pay is minimal. Remember, these folks have to live with the taxpayer every day and may see them on a regular basis. The county tax appeal boards might be more likely to be a little more demanding of the DOR appraiser, who is the expert, than the taxpayer who does not have the same resources.

Remember, if you (DOR) don't agree with the county tax appeal board's decision, and you know the taxpayer is going to appeal the decision to the State Tax Appeal Board, you will still need to timely file a cross appeal in order to have your original value considered.

Relevant to both the taxpayer and the Department of Revenue:

If you don't know the answer to a question, play it safe and say, "I don't know, but I would be happy to find out for you." That one can't get you into trouble. Many times the answer is known before the question is asked.

If the Record needs to be supplemented with an exhibit, make sure the opposing party receives a copy of whatever the Board receives.